Flexible Trust pack

Technical guide

Flexible Trust deed

Introduction

This guide has been written to explain what a Flexible Trust is, and how to place a Legal & General protection policy in our Flexible Trust. We've tried to use plain language to keep this guide easy to understand. You'll find explanations of any technical terms we use in the glossary on page 7 of this document. Whenever terms covered in the glossary appear in the main text, we've highlighted them in blue. We also have a range of online support to help you place your policy in trust.

Please note that some of the information contained in this Technical Guide, may not apply to our online Flexible Trust.

Trust information

WHAT IS A FLEXIBLE TRUST?

A Flexible Trust is a legal arrangement which allows the owner of a life policy (the settlor) to give their policy to a trusted group of people (the trustees), who look after it. At some time in the future they pass it on to some people from a group that the settlor has decided (the beneficiaries).

A Flexible Trust is a trust where there are two types of beneficiaries. The first type of beneficiary is the default beneficiary. These beneficiaries are entitled to any income from the trust as it arises. In practice, if the life policy is the only asset in the trust there will not be any income. The second type of beneficiary is the discretionary beneficiary. These discretionary beneficiaries only receive capital or income from the trust if the trustees make appointments to them during the trust period. If no appointments are made by the end of the trust period, the default beneficiaries will receive all of the benefits.

When a life policy is looked after in this way, it is said to be 'in trust'. The life policy which is in trust, and any payment received from the life policy are called the trust fund. This guide assumes that a Legal & General life policy will be the only asset in the trust.

WHAT ARE SOME OF THE MAIN BENEFITS OF USING A FLEXIBLE TRUST?

Using a Flexible Trust for a life policy has lots of practical and financial benefits. For example:

Inheritance Tax – It should help to ensure that any money paid out from the life policy would not be part of the estate of the person covered, helping to minimise Inheritance Tax. Tax is covered in more detail on page 6.

Quicker payout – It should help to ensure that the money paid out from the life policy can be paid to the right people quickly, without the need for lengthy legal processes. When you die, your personal representatives will need to obtain probate so that they have the authority to deal with your estate. In England and Wales either a 'grant of probate' or 'grant of letters of administration' is issued to your personal representatives. This process takes time and if you die without having made a will it takes even longer. Since the trustees are the owners of a policy placed in trust they do not have to go through this process in order to make a claim.

Control of funds – By placing your policy in trust, you can indicate who you want the proceeds to be paid to. A trust can control when the money from the life policy will be paid out. This can ensure that children receive some financial support from the money, but do not have full access to it.

Our draft Flexible Trust deed makes placing a life policy in trust easy, and Legal & General provide this service to our customers for free.

WHO'S INVOLVED IN A FLEXIBLE TRUST?

There are three important roles:

The settlor – The person giving away their life policy is called the settlor. Once the settlor has put their life policy into trust they no longer personally own it and have limited rights to say how it's dealt with. However, the settlor is still usually responsible for paying the policy premiums, and is one of the trustees. It is possible to have joint settlors, for example on a joint life policy. The settlor chooses the trustees and the beneficiaries, and can give the trustees guidance on how he/she would like the trust fund to be used via a letter of wishes.

The beneficiaries – The people who can receive payment from the trust fund are called the beneficiaries. The people who may be a beneficiary are listed in the trust deed. A flexible trust has two types of beneficiaries. The default beneficiaries are entitled to any income that may arise in the future. The discretionary beneficiaries are a group of people who may benefit from the trust, but only if the trustees choose to make an appointment to them.

The trustees – The trustees take legal ownership of the trust fund from the settlor. They then look after the trust fund, and, following a claim on the policy will make arrangements for payments to the beneficiaries. They must act in the best interests of the beneficiaries at all times and can only do what is allowed in the trust deed.

Setting up a Flexible Trust with a Legal & General protection policy

WHAT ARE THE IMPORTANT DOCUMENTS?

There are three key documents:

The Flexible Trust deed – This is the legal document that creates the trust. The settlor and the trustees must sign it. It names the parties involved, says what roles they have, and gives details of the life policy which is being put into trust. The provisions in the trust deed are the basis of the trust arrangement. The trustees must act according to the trust deed, and cannot do anything that the trust deed doesn't allow.

The letter of wishes – As the trustee will have lots of decisions to make, the settlor can provide a letter of wishes, to help explain what they would like to happen to the trust fund. Unlike the trust deed, the trustee does not have to follow the letter of wishes. However, trustees usually find it to be a helpful guide on how best to manage and distribute the trust fund to the beneficiaries. A draft is available from Legal & General at **legalandgeneral.com**

The policy documents – These include the policy documentation, which contain all the important information about the life policy, which forms the trust fund.

CAN ANY POLICY BE PUT IN LEGAL & GENERAL'S FLEXIBLE TRUST?

Legal & General's Flexible Trust can be used for most Legal & General protection policies. The trust can be used for new or existing policies. It should not be used for policies for business insurance (e.g. key person or shareholder protection), Relevant Life Plans, or for a pension term assurance (e.g. Tax Efficient Life Insurance Plan ('TELIP')). For more details please speak with your financial adviser.

WHAT IF I HAVE CRITICAL OR TERMINAL ILLNESS COVER?

The Flexible Trust automatically makes you the beneficiary of any proceeds arising from a claim as a result of a critical or terminal illness as described in the policy (if your policy has those benefits). If you do not want to keep these benefits for yourself and would rather they were held for the beneficiaries of the trust then please sign the box(es) in clause 9 of Part B of the trust.

CAN I GIVE THE TRUST A NAME?

Yes. You can give the trust a name in clause 7 of Part B. You do not have to give the trust a name if you do not want to.

CAN I EVER CANCEL THE TRUST?

No, not usually. However, there may be circumstances when a policy can be taken out of trust. You should contact your legal adviser for advice.

Trustee information

WHAT ARE THE MAIN DUTIES OF A TRUSTEE?

The trustees must understand the terms of the trust, and mustn't do anything that is not allowed by the trust or by the law.

The trustees must act in the best interests of the beneficiaries, and exercise a high degree of care and honesty and must all agree when making trust decisions.

The trustees must keep clear and accurate records and accounts of trust property and ensure that all tax, which the trust is liable for, is paid.

Being a trustee is an important responsibility, however it is unlikely that the trustees will need specific detailed knowledge of trust law to enable them to act effectively. Usually, the trustees will not have much to do until the time comes to make a claim. The trustees can seek professional advice should the need arise. The key thing is that they act honestly and in the best interests of the beneficiaries.

WHO CAN I APPOINT AS A TRUSTEE?

Generally anyone, but the people appointed must be over 18 years of age and of sound mind. The trustees should be people who the settlor believes will act in the best interests of the beneficiaries. It is also a good idea for them to be resident in the United Kingdom for tax reasons. Solicitors and accountants can act as trustees but they will charge for their services.

CAN I BE A TRUSTEE?

Yes. The Flexible Trust automatically makes you a trustee.

CAN I APPOINT ADDITIONAL TRUSTEES IN THE FUTURE?

Yes, with our Flexible Trust the settlor has the power to appoint additional trustees at any time. After you die, the trustees will have the power to appoint additional trustees.

HOW MANY TRUSTEES SHOULD I CHOOSE?

It is a good idea to have at least two trustees at any time. For this reason, it is normally sensible to appoint at least two trustees in addition to yourself.

WHAT HAPPENS IF A TRUSTEE DIES?

If a trustee dies, the remaining trustees can still carry on with the role, but a replacement could be appointed. If the trustee was the last surviving trustee, their legal personal representatives will have the power to appoint additional trustees or take over as trustees themselves.

WHAT CAN THE TRUSTEES DO IF I DON'T PAY THE POLICY PREMIUMS?

As legal owners of the policy, the trustees can arrange for the premiums to be paid but they are not obliged to make sure this happens or pay the premiums themselves. The trust will come to an end if, as a result of the premiums not being paid, the policy lapses with no value.

WHAT HAPPENS IF A TRUSTEE NO LONGER WANTS TO BE A TRUSTEE?

A trustee can retire from the trust with the consent of the other trustees, provided that there are at least two trustees following the retirement.

HOW DO THE TRUSTEES MAKE A CLAIM?

In the event of your death the trustees will need to send the following items to Legal & General's Customer Claims Department:

1. Flexible Trust deed (and any subsequent deeds)
2. The original policy documentation
3. A death certificate

The address to send these items to is:

Legal & General Customer Claims Department
City Park
The Droveway
Hove
East Sussex
BN3 7PY

Once the claim is accepted, the trustees will be paid by direct credit.

For other claims, please call us on freephone (from landlines):

For terminal illness claims **0800 137 101**

For critical illness claims **0800 068 0789**

We may record and monitor calls.

Beneficiary information

WHO IS AUTOMATICALLY A BENEFICIARY OF THE FLEXIBLE TRUST?

The Flexible Trust contains a list of the discretionary beneficiaries in clause 4 of Part B of the trust. This list includes:

- Your spouse or registered civil partner
- Your children or grandchildren (and their spouses or registered civil partners)
- Anyone descended from your mother or father (and those descendents' spouses or registered civil partners)
- Anyone who may benefit from your residuary estate
- Any additional beneficiary you name as an 'Additional Beneficiary' (for example, the name of a co-habitee)
- Any person or charity you later name in a deed of addition

Where there are joint settlors, neither of them can benefit from the trust (other than in respect of any critical or terminal illness benefits), that they have kept for themselves.

WHAT IF THE BENEFICIARIES ARE STILL UNDER 18 WHEN THE POLICY PROCEEDS ARE PAID OUT?

The trustees will have the power to invest the proceeds, and may be able to make payments out to support the beneficiaries.

CAN I BE A BENEFICIARY?

No. With the Flexible Trust the settlor cannot benefit other than regarding any critical illness or terminal illness benefits that have been kept for them (known as the 'retained benefits').

Inheritance Tax information

Whilst a policy in the Flexible Trust will not usually form part of your estate for Inheritance Tax purposes, on some occasions there is a potential for an Inheritance Tax charge to apply. These are summarised below, however if you are unsure about this or require more detail, you should discuss this with your adviser or a tax professional.

ENTRY CHARGE FOR EXISTING POLICIES

Where an existing policy is placed into a Flexible Trust an entry charge may apply.

Currently, individuals have an annual gift exemption of £3,000. As such, if the open market value of a policy falls within the annual exemption (and provided that this allowance is not used for other gifts) there will be no entry charge.

Where a life insurance policy with no surrender value is placed in trust, provided that the life insured is in good health the open market value of the policy for Inheritance Tax purposes is likely to be negligible. Therefore, even if the annual gift exemption did not apply, the tax charge on entry would be nil.

For some policies, such as whole of life policies, the value of the policy for Inheritance Tax purposes is deemed to be the higher of the open market value of the policy (considered in the same way as described above) and the value of the premiums paid to date. It is unlikely to have a negligible value.

If no exemption applies to the policy, the value of the policy should be added together with the value of all chargeable lifetime transfers made by you in the seven years immediately prior to setting up the trust. If this exceeds the nil rate band applicable at the time the trust is created, Inheritance Tax will be due on the excess value of the gift at the lifetime rate. The nil rate band is currently £325,000 (up to and including the tax year 2017/18) and the lifetime rate is 20% if the trustees pay any tax (and an effective rate of 25% if you pay any tax).

ENTRY CHARGE FOR THE PAYMENT OF PREMIUMS

Inheritance Tax may be payable on premiums as they are considered to be a transfer of value. However, currently, individuals have an annual gift exemption of £3,000. If this exemption is not used for other gifts, and if the premiums paid fall within the annual exemption there will be no entry charges for premiums.

In addition, individuals have an Inheritance Tax exemption for normal expenditure out of income. If premiums fall within this exemption there will be no entry charge. In order for the exemption to apply, it would need to be shown that the payment of premiums comes out of your income, that it leaves you with sufficient income to maintain your normal standard of living and that it was made as part of your normal expenditure.

If an exemption does not apply, then the premiums will be chargeable lifetime transfers, and an entry charge may apply. Inheritance Tax will be due if the value of the premiums (after deducting any Inheritance Tax exemptions) together with the value of all chargeable lifetime transfers made by you in the seven years immediately prior to setting up the trust exceeds the applicable nil rate band. This will be due on the excess value of the gift at the lifetime rate. The nil rate band is currently £325,000 (up to and including the tax year 2017/18) and the lifetime rate is 20% if the trustees pay any tax (or at an effective rate of 25% if you pay any tax).

Example – David Smith takes out a life insurance policy for £300,000 and the monthly premium is £150.00. David completes a Flexible Trust deed as he doesn't want the policy proceeds to form part of his estate on his death. The value of the policy when David creates the trust is nil as he is in good health. The value of the policy and the premiums are less than £3,000 per year so they fall within the annual gift exemption. David's premiums are therefore not treated as chargeable transfers and an entry charge does not apply.

PERIODIC CHARGE

An Inheritance Tax liability may arise on each 10-year anniversary of the creation of the trust. The charge is based on the value of the property in the trust, which is referred to as 'relevant property'.

Before a claim is made, the value of the relevant property is based on the value of the policy, and as long as the life insured is in good health, the value of a life insurance policy for Inheritance Tax is likely to be negligible. A periodic charge may become payable when you die as the policy proceeds will then be in trust.

The maximum rate of tax that can be charged on the relevant property is currently 6%. This applies to the value of the assets which exceed the nil rate band available to the trust.

Example – At every 10-year anniversary, as long as David is in good health, a life insurance policy will have little or no value. This means that there won't be a periodic charge.

EXIT CHARGE

An Inheritance Tax liability may arise where capital leaves the trust. For example, a charge may arise where the trustees pay the policy proceeds to a beneficiary following a claim. This will usually only happen if the trustees paid an Inheritance Tax charge on the last 10-year anniversary or at the start of the trust, if that was less than 10 years ago. In either case, the rate of tax payable as an exit charge is currently a maximum of 6%. However, this rate only applies to the value of the assets in excess of the nil rate band available to the trust.

Example – David dies 8 years after the trust was created and the policy proceeds are paid to the trustees. An exit charge will not apply, as long as the trustees distribute the money before the next 10-year anniversary.

DEATH OF THE SETTLOR

Where Inheritance Tax exemptions cover the payment of premiums (or the transfer of an existing policy) to the trust, there should be no charge on the death of the settlor with respect to those exempt transfers.

However, an Inheritance Tax liability could arise if the settlor dies within seven years of making a chargeable transfer into the trust. If the value of the gift together with the value of all chargeable transfers (including potentially exempt transfers that have subsequently become chargeable due to the settlor's death) made by the settlor in the seven years prior to the gifts in to the trust, exceeds the nil rate band applicable at the time of the settlor's death, Inheritance Tax will be due on the excess value. This will be at the death rate of up to 40%, however, any entry charges paid can be deducted from this liability. Taper relief should also be available to reduce the amount of tax payable for gifts made prior to three years before the settlor's death.

DEATH OF A BENEFICIARY

The death of a beneficiary under the Flexible Trust is very unlikely to have any Inheritance Tax consequences for the trust.

REDUCED INHERITANCE TAX RATE FOR ESTATES LEAVING 10% OR MORE TO CHARITY

A reduced rate of Inheritance Tax from 40% to 36% may apply where 10% or more of a deceased's net estate is left to charity. For details of whether this might be applicable to you please speak to your Financial Adviser or Solicitor.

Glossary

Annual gift exemption

Gifts in any one tax year that total £3,000 or less are exempt from Inheritance Tax. Where any part of the exemption is unused it can be carried forward to the following tax year.

Chargeable lifetime transfer

For Inheritance Tax purposes a gift (that is not otherwise exempt) made during life to a Flexible Trust. Where the value of the transfer is more than the available nil rate band Inheritance Tax is payable on the gift.

Inheritance Tax

A tax which may be payable on certain transfers of assets, for example, a gift. Inheritance Tax may also be payable on certain deemed or hypothetical transfers of assets, for example, on each 10 year anniversary of a Flexible Trust or on death.

Life insured

The person upon whose death (or diagnosis of a critical or terminal illness as defined in the policy (if included)) the amount of cover will become payable. Where a policy has more than one life insured then, depending upon the terms of the policy, the benefits may be payable on the first or the last of the lives insured to die.

Nil rate band

The amount of an individual's estate, which is subject to Inheritance Tax at 0%.

Potentially exempt transfer

For Inheritance Tax purposes it includes a gift (that is not otherwise exempt) made during life to an individual or an Absolute Trust. No Inheritance Tax is payable at the time a potentially exempt transfer is made.

Probate

The authority given by the court to your personal representatives to deal with your estate following your death.

Residuary estate

The part of the estate of a deceased person that remains after the specific gifts, taxes, debts etc have been dealt with.

Settlor

The person (or people if more than one) putting the policy into the trust.

Taper relief

For Inheritance Tax purposes, the reduction of tax payable on a sliding scale should the settlor die between three and seven years following the making of a gift.

Important notes

We have written this guide to give you general information about placing your Legal & General protection policy in trust. It is not intended to replace legal advice. If this trust does not meet your needs then you should talk to your legal and your financial advisers.

We have based the information in this guide on our understanding of the laws relating to trusts and Inheritance Tax as at 1st July 2018. Although we have made every effort to make sure that the information is accurate, we cannot take legal responsibility for any particular statements.

This guide is based on our understanding of current law and HMRC practice, which can change.

In preparing this guide we have assumed that only Legal & General's Flexible Trust is to be used in conjunction with Legal & General's protection policies. We can also provide Discretionary Trust deeds, Absolute Trust deeds and a Survivor's Discretionary Trust (for use with joint life first death policies only). The information in this guide does not apply to business protection, Legal & General have separate literature for business protection. Please see your financial adviser for more details.

Protection Gift Trusts

Flexible Trust deed

Checklist

Before sending the Trust to Legal & General, have you...

1. Inserted the Policy number (if known) in the box below?
2. Dated the Trust? (On page 3.)
3. Completed the settlor's details? (On page 3.)
4. Inserted the details of the default beneficiary(ies)? (On page 4.)
5. Inserted the details of any additional beneficiaries? (On page 5.)
6. Decided whether or not to retain any terminal illness/critical illness benefits? (On page 6.)
7. Completed the details of the application/existing policy? (On page 9.)
8. Signed the Trust and had those signatures witnessed? (On page 10.)
9. Crossed through mistakes (rather than using correction fluid) and have all parties initialled any changes?

Policy number

Date received by Legal & General

Legal & General

IMPORTANT NOTES – before completing the Flexible Trust deed, please read the following notes.

1. This documentation has been produced for consideration by you and your legal advisers. The legal and tax effects of the Trust will depend on your individual circumstances and Legal & General (as defined in clause 13.4 of Part B of the Trust) and its advisers accept no responsibility for ensuring that the Trust meets your requirements.
2. Ensure that you fully understand the terms of the Trust and how it works. See the Flexible Trust technical guide for further details. If you are in any doubt about the terms, it is your responsibility to seek legal or tax advice as appropriate.
3. You should also ensure you have read and understood all the literature relating to your chosen policy for this Trust.
4. This Trust is designed for use with Legal & General's protection life insurance policies for family protection and Inheritance Tax planning. It is not designed to be used for business protection arrangements (for example, key person insurance or shareholder protection), Relevant Life Plans or pension term assurance (for example, Tax Efficient Life Insurance Plan (TELIP). Please contact Legal & General for other trust deed templates that we offer.
5. This is a split trust which means that death benefits will be held for the beneficiaries (known as the 'Gifted Benefits'), while critical illness or terminal illness benefits as defined in the policy documentation will be held for you (known as the 'Retained Benefits'). You can choose to give away these critical illness or terminal illness benefits by signing the box in clause 9 of Part B of the Trust deed so these benefits are also for the benefit of the beneficiaries.
6. This Trust can be used for new or existing Legal & General protection policies.
7. The settlor is the person who is creating the Trust. The trustees will be the legal owners of the Policy and their authority is required for any dealings with the Policy. It is the trustees who would make a claim for any policy proceeds.
8. It is generally a good idea to have at least two trustees at any time. Care should be taken when choosing trustees. The people appointed must be over 18 years of age and of sound mind. The trustees should be people who the settlor believes will act in the best interests of the beneficiaries. It is also generally a good idea for them to be resident in the United Kingdom for tax reasons. Solicitors and accountants can act as trustees but they will charge for their services.
9. It is desirable to supplement the Trust with a 'Letter of Wishes' to provide guidance to the trustees. A draft is available from Legal & General at **legalandgeneral.com**.
10. In creating this Trust or by paying premiums you may be making exempt transfers or chargeable lifetime transfers for Inheritance Tax purposes. If you make chargeable transfers which exceed your available nil rate band tax may be payable. Other Inheritance Tax charges can arise during the life of the trust. For example, tax may be payable on each 10th anniversary of the Trust and when capital is paid to a beneficiary. For further information see the Flexible Trust technical guide.
11. By signing this deed, and if required by Legal & General, the trustees agree to take all reasonable steps to obtain for Legal & General evidence of identification for any of the beneficiaries of the Trust.
12. Legal & General has drafted this Trust to reflect the law as at 1 July 2018. Legal & General and its advisers cannot accept any responsibility for loss, damage or other claim that may arise from the use of this Trust or the way in which you complete it. We therefore strongly recommend that you consult your own legal or tax adviser before proceeding. Failure to understand the terms of the deed may affect its suitability and effectiveness.
13. Use CAPITALS and black or blue ink throughout. If you make a mistake while completing the Trust, please correct the error by crossing out (do not use correction fluid) and the settlor and the trustees should initial the change.
14. Completed trust deeds should be sent to: Trust Team, Legal & General Assurance Society Ltd, City Park, The Droveway, Hove, East Sussex BN3 7PY.
15. If the trust, trustees or settlor/donors are resident for tax purposes anywhere other than the UK you must also complete the Trust/Entity Self-Certification Declaration form and send this to us together with your completed deed.
16. You may wish to refer to HMRC in order to decide whether you are required to register on the online Trusts Registration Service.

Protection Gift Trusts – Flexible Trust

The settlor and trustees should read Important Notes on page 2 before completing the Trust deed.

A Date of Trust

New Policy: The date inserted for Part A must be a date on or after the last person signs on page 10 and must be a date before the new Policy comes into force.

Existing Policy: Insert date when last person signs on page 10.

THIS DECLARATION OF TRUST is made on the ____ day of ____________ 20 ____
BY the settlor and the trustees.

B Definitions

The settlor is the person who is creating the Trust.

1. The 'Settlor'

Please insert the name and address of the settlor.

In the case of joint settlors, insert the name and address of the second settlor.

	First (or sole) Settlor	Second Settlor
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		

2. The 'Additional Trustees'

The settlor will automatically be a trustee. It is important that at least one additional trustee is named. Where there are two settlors, both settlors will automatically be trustees.

	Additional Trustee 1	Additional Trustee 2
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		

	Additional Trustee 3	Additional Trustee 4
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		

B Definitions continued

3. The 'Trustees'

The 'Trustees' shall mean the Settlor and the Additional Trustees and any other Trustees for the time being of this Trust.

4. The 'Default Beneficiary or Beneficiaries'

Please insert the details of any individual(s) (other than the settlor) you want to benefit, together with any percentage shares you want each to receive adding up to 100%. A draft is available from Legal & General.

	Beneficiary 1	Beneficiary 2
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		
Percentage	%	%

Please use the continuation sheet if you wish to nominate more than four beneficiaries. A draft is available from Legal & General.

	Beneficiary 3	Beneficiary 4
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		
Percentage	%	%

Total percentage 100%

5. The 'Discretionary Beneficiaries'

The persons listed below may benefit under the Trust but so that no Excluded Person shall be capable of benefiting.

5.1 Any spouse widow or widower of the Settlor provided that person is not a Settlor.

5.2 The Default Beneficiary or Beneficiaries and their issue.

5.3 Any child or grandchild of the Settlor whenever born (including step children and their issue).

5.4 Anyone descended from the father or mother of the Settlor.

5.5 Any surviving spouse (whether or not remarried) of anyone described in sub clauses 5.2, 5.3 and 5.4.

5.6 After the death of the Settlor anyone who may benefit from his or her residuary estate.

5.7 Any person class of person or any charity named in a deed of addition made by the Settlor during his lifetime.

5.8 Any additional Discretionary Beneficiary.

B Definitions continued

Please insert the details of any individual(s) to be included as a beneficiary not already included in the list above,

Do not include an excluded person,

If you wish to include more than four individuals or add a class of persons, use a continuation sheet for the extra individuals/class of persons. A draft is available from Legal & General,

'Additional Discretionary Beneficiaries'

	Additional Discretionary Beneficiary 1	Additional Discretionary Beneficiary 2
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		

	Additional Discretionary Beneficiary 3	Additional Discretionary Beneficiary 4
Name		
Address		
Postcode		
Date of birth (DD/MM/YYYY)		

6. The 'Beneficiaries'

The 'Beneficiaries' shall mean both the Default Beneficiary or Beneficiaries and the Discretionary Beneficiaries.

7. Name of Trust

The settlor can give the trust a name but they do not have to.

The Trust shall be called

Trust

8. Governing Law

English law governs the validity of this Settlement, and its construction, effects and administration

Any death benefits are held for the beneficiaries of the Trust. Any critical or terminal illness benefits as defined in the policy will be paid to the settlor(s).

However, if the settlor(s) sign this box, they will not be able to receive any critical or terminal illness benefits and they will become 'Gifted Benefits' and will also be held for the beneficiaries of the trust.

9. The Gifted Benefits and the Retained Benefits

9.1 Subject to the proviso in sub-clause 9.4 the Settlor gives all the benefits (the 'Gifted Benefits') under the Policy (other than any benefit payable on a claim arising from the contraction or diagnosis of a critical or terminal illness (as defined in the Policy) (the 'Retained Benefits')) to the Trustees to hold on Trust subject to the powers and provisions of the Trust as set out in this Deed.

9.2 The 'Gifted Benefits' include any Accidental Death Benefit cover that Legal & General may give pursuant to the application to Legal & General for the new policy as set out in the schedule.

9.3 The Settlor irrevocably disclaims any lien or charge on the Policy for the repayment of any premium.

9.4 If the Settlor signs this box the Settlor also gives the Retained Benefits to the Trustees to hold on trust subject to the same powers and provisions as are set out in this Deed and the Gifted Benefits shall include the Retained Benefits.

First (or sole) Settlor	Second Settlor

10. Excluded Persons

10.1 The Trustees may at any time or times during the Trust Period, declare by deed or deeds that the objects or persons or classes of objects or persons named or specified (whether or not ascertained) in such deed who are, would or might, but for this clause, be or become Beneficiaries or otherwise able to benefit, as the case may be, shall, in relation to the whole or any part of the Trust Fund, be excluded from benefit (both direct and indirect) and shall be known as 'Excluded Persons'.

10.2 The power conferred by sub clause 10.1 shall not be capable of being exercised so as to take away any interest to which any of the Beneficiaries has previously become indefeasibly entitled.

10.3 Any declaration made pursuant to sub clause 10.1 may be revocable, during the Trust Period, or irrevocable to take effect before the end of the Trust Period and shall have effect from the date (not being a date earlier than the date of such instrument) specified in the instrument.

10.4 The Settlor shall be an Excluded Person and this exclusion shall not be revocable.

11. The 'Trust Fund'

The Trust Fund means the Gifted Benefits contained in the Policy set out in the Schedule to this Deed together with any and all other property at any time added to this Trust by way of further gift, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same.

12. The 'Trust Period'

The Trust Period means the period of 125 years beginning with the date of this Trust.

13. Construction

13.1 In this Deed words importing the singular shall include the plural and vice versa. Words importing a gender include every gender.

13.2 The notes in the margin are for the purposes of information only and shall not be used in the construction of the Trust or any part of it.

13.3 'Charity' means a trust or corporation, association, society or other institution established only for charitable purposes in accordance with the governing law of the Trust.

13.4 Legal & General shall mean Legal & General Assurance Society Limited.

13.5 'Policy' shall mean either the policy or policies effected pursuant to the application to Legal & General or the existing policy, in either case as set out in the Schedule, and in either case shall include any variation or amendment to the same.

13.6 'Spouse' shall include a civil partner registered under the Civil Partnership Act 2004 and 'husband', 'wife', 'widow' and 'widower' shall be construed accordingly.

C Key Provisions

1. Appointing the Trustees

In signing this Declaration of Trust the Settlor appoints the Trustees to act as the Trustees of this Trust and the Trustees agree to act as the Trustees of the Trust (as evidenced by them signing this Deed) in accordance with the trusts powers and provisions set out below.

2. Application for a New Policy

The Settlor hereby requests and declares that the Policy be issued by Legal & General to the Settlor to hold on trust with the Additional Trustees subject to the powers and provisions of the Trust as set out in this Deed.

3. Assigning an Existing Policy

3.1 The Settlor as the legal and beneficial owner of the Policy assigns the Policy and all the benefits payable under it to the Trustees to hold on Trust subject to the powers and provisions of the Trust as set out in this Deed and the Trustees accept the assignment on these terms (as evidenced by them signing this Deed).

3.2 The Settlor and Trustees will send a copy of this Declaration of Trust to Legal & General as notice of the assignment effected under this Trust.

4. Trust Provisions

Subject to the Retained Benefits (if any):

4.1 The Trustees shall hold the Trust Fund and the income thereof for the benefit of any one or more of the Discretionary Beneficiaries upon such trusts (including discretionary and protective trusts) in such shares and with and subject to such trusts powers and provisions (exercisable by any person) as the Trustees shall at any time or times appoint by deed or deeds executed during the Trust Period which may be revocable during the Trust Period or irrevocable.

4.2 Subject to and in default of any such appointment the Trust Fund shall be held on trust for the Default Beneficiary as his own absolute property.

4.3 If there is more than one Default Beneficiary, the Trust Fund shall be held on trust for the Default Beneficiaries:

(a) in the percentage shares specified in clause 4 of Part B (provided that if shares are specified but they do not amount to 100% they shall be adjusted rateably); or

(b) if no such shares are specified in equal shares.

4.4 Whilst any Default Beneficiary is entitled to income under the Trust and is a minor:

(a) the Trustees may pay or apply the whole or any part of that income for or towards the maintenance, education or benefit of that Beneficiary as the Trustees in their absolute discretion think fit; and

(b) the balance (if any) of such income shall be invested and retained (together with the resulting income) for the sole benefit of such Beneficiary as his absolute property;

and the statutory provisions for accumulation and maintenance shall not apply.

4.5 The power of appointment in sub clause 4.1 shall only be exercisable when there are at least two Trustees or a trust corporation.

5. Bare Trust for Settlor of Retained Benefits

Notwithstanding the provisions of clause 4 of Part C the Trustees hold the Retained Benefits (if any) on trust for the Settlor absolutely.

6. Trustees' Powers

In addition to the powers given to them by law, the Trustees shall have the following powers. The exercise of these powers is subject to the Retained Benefits (if any):

6.1 The Trustees may invest any money requiring to be invested (subject to obtaining advice, if required by law) in such manner as if they were absolutely beneficially entitled to the investments.

6.2 The Trustees are under no obligation to diversify the Trust Fund.

6.3 The Trustees shall have power to effect any life insurance policy on the life of any person or persons, accept assignments of a policy to the Trust and exercise any option under any policy held by the Trustees and to sell, charge, assign or surrender the whole or any part of such policy. For the avoidance of doubt any new policy or increase or decrease of benefits secured by any policy or by any new policy which is effected under any options which are contained in any policy shall be subject to the same Trust as set out in this Deed.

6.4 The Trustees shall have power to borrow money on such terms and security as they think fit.

6.5 The Trustees shall have power to lend money to any of the Beneficiaries on such terms and security as they think fit.

6.6 The Trustees shall have power revocably or irrevocably to delegate any power or powers in making, managing, realising or otherwise dealing with any property comprised in the Trust Fund to any person or persons upon such terms as to remuneration or otherwise as the Trustees may think fit and no Trustee shall be responsible for the default of any such agent if the Trustee in question employed or incurred expense in employing him in good faith.

6.7 The Trustees shall have power to instruct any investment or other professional adviser or advisers on such terms as to fees or other remuneration and generally as the Trustees may think fit, and the Trustees may either pay such fees or other remuneration out of the Trust Fund or reimburse themselves out of the Trust Fund if they have paid such fees or other remuneration themselves.

7. Administrative Provisions

7.1 **Receipt as a full discharge**
The Trustees shall have power to pay or transfer any capital or income to be paid, transferred to, or applied for the maintenance, education or benefit of a Beneficiary who is under the age of legal capacity or otherwise under a legal disability to any parent or guardian of that Beneficiary or to such other person on behalf of such Beneficiary as the Trustees shall think fit and the receipt of such person shall be a complete discharge to the Trustees who shall be under no obligation to see to the proper application thereof.

7.2 **Payments to Trustees**
Any Trustee for the time being (other than the Settlor) shall:
(i) be entitled to recover all reasonable expenses; and
(ii) being a solicitor or other person or corporate body engaged in any profession or business be entitled to be paid all usual professional or other charges for business done in relation to the Trust.

7.3 **Appointment of Trustees**
There shall be vested in the Settlor the power of appointment of a new Trustee and/or additional Trustee(s). Subject thereto the power to appoint new or additional Trustees shall be vested in the Trustees.

7.4 **Removal of Trustees**
As long as there are at least two other Trustees, if a Trustee cannot be found, after reasonable efforts have been made to find him, the remaining Trustees can discharge the missing Trustee. It is up to the remaining Trustees to decide whether reasonable efforts have been made to find the missing Trustee and no other person shall be under any duty to ensure that it was proper for the Trustees to have exercised their power to discharge the missing Trustee.

7.5 **Power to vary administrative provisions**
When in the management or administration of the Trust Fund, any transaction is, in the opinion of the Trustees, expedient but cannot be effected by reason of the absence of any power for that purpose, the Trustees may by deed confer on themselves either generally, or in the particular instance, the necessary power for the purpose and on the execution of such a deed the Trustees will have such power as if it had been expressly conferred on them by this Deed.

8. Exercise of Powers

8.1 Where two persons are the Settlors any powers vested in the Settlor must be exercised jointly during their joint lives and thereafter by the survivor of them.

8.2 None of the Trust powers or provisions shall operate or be exercised so as to allow any part of the Trust Fund or the income arising from it to be paid, transferred, or applied directly or indirectly to or for the benefit of the Settlor in any circumstances whatsoever.

8.3 The Trustees shall have power by deed or deeds revocable (whether by the person making such deed or some other person) during the Trust Period or irrevocable wholly or partially to release or restrict the future exercise of any power hereby conferred on them (including this power) whether or not of a fiduciary nature and so as to bind their successors.

9. Protection of the Trustees

No Trustee (other than a professional Trustee) will be liable for any loss to the Trust Fund or part of the Trust Fund at any time unless that loss resulted from personal dishonesty or knowing breach of trust.

Schedule

This Deed is designed for use with applications for new policies or assignment of existing policies but not both within the same Deed. If both types of policies are to be placed in trust then two separate Deeds are required.

Please insert either date of application or policy number and the full name of the life insured.

The Policy

Name of company:	**Legal & General**
Description of policy	
Date of application (DD/MM/YYYY)	or
Policy number	
Life insured	

D Signatures

Witnessing:
Please ensure that all signatures are witnessed by an independent person.

The same person can witness all signatures.

Witnesses must be adult and not someone already named in the Trust nor their spouse or civil partner.

Date: Once all the parties have signed, please insert the dates of the deed in the box on page 3.

IN WITNESS whereof the parties have signed this instrument as a deed

	First (or sole) Settlor	Second Settlor
1. Signed and delivered as a deed by the said (full name)		
2. Signature		
3. In the presence of witness (full name of witness)		
4. Signature of witness		
5. Address of witness		
6. Date (DD/MM/YYYY)		

	Additional Trustee 1	Additional Trustee 2
1. Signed and delivered as a deed by the said Trustee (full name)		
2. Signature		
3. In the presence of witness (full name of witness)		
4. Signature of witness		
5. Address of witness		
6. Date (DD/MM/YYYY)		

	Additional Trustee 3	Additional Trustee 4
1. Signed and delivered as a deed by the said Trustee (full name)		
2. Signature		
3. In the presence of witness (full name of witness)		
4. Signature of witness		
5. Address of witness		
6. Date (DD/MM/YYYY)		

Legal & General Assurance Society Limited
Registered in England and Wales No. 00166055
Registered office: One Coleman Street, London EC2R 5AA

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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